(d) whether Government have drawn any action plan for ensuring that the States/UTs fully utilize the funds in implementing all the welfare schemes; and

(e) if so, the details thereof?

THE MINISTER OF SOCIAL JUSTICE AND EMPOWERMENT (DR. SATYA NARAYAN JATIYA): (a) and (b) Statements showing amount released to various State Governments/UTs for implementing various schemes during last three years, year-wise and State/UT-wise and utilization certificates received is enclosed at Annexure. *[See* Appendix 196, AnnexureNo.19]

(c) to (e) State Govemments/UTs are released funds only after receipt of utilization certificates that are due from them on account of releases made previously. The Ministry constantly pursues the matter through correspondence, Officers of the Ministry while visiting States/UTs also take up this issue and periodic meetings are held with State Secretaries where again timely utilization of released funds is stressed.

Under-Valuation of Maruti Udyog Ltd.

†*319. SHRI D.P.YADAV: Will the Minister of DISINVESTMENT be pleased to state:

(a) the reasons for which the Maruti Udyog Limited has been sold to Suzuki Motor Corporation;

(b) whether the actual assets of Maruti Udyog were underassessed and it was sold at a throw-away price; and

(c) whether a guarantee has been taken from the Suzuki Motor Corporation to the effect that their Management will not retrench the employees by showing losses?

THE MINISTER OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) Government established Maruti Udyog Ltd. (MUL) as a Government company in 1981 with the objectives of modernizing Indian automobile industry; production of fuel-efficient vehicle to conserve scarce resources and production of large number of vehicles necessary for economic growth. Later Government entered into an agreement with Suzuki Motor

†Original notice of the question was received in Hindi.

Corporation (SMC) in 1982 with an equity sharing of 74% and 26% between Government and SMC respectively as SMC brought the technology. By 1987, Government allowed the shareholding of SMC to go up to 40%. Subsequently in 1992, Government further allowed the shareholding of SMC to increase to 50% with the Government shareholding reducing to 49.74%, each stage resulting in gradual transfer of increased management control to SMC.

Initially, MUL remained the undisputed market leader with a market share peaking to 83% and profits rising highest to Rs.652 crore during 1997-98. Onset of liberalization and the entry of many international car majors in the Indian market, however, resulted in increased competition and the profits and market share of MUL went down. Government noted that the objectives of setting up MUL had been realized and there is no strategic purpose it can fulfil by holding on to MUL shares as further holding of these shares would lead to an erosion in value. Government realised that in a consumer driven market like the automobiles sector, the Government needs to become a neutral arbitrator/regulator for the entire industry rather than co-owner of one of the companies. Further, the Government would not be in a position to invest further in the equity capital of MUL that was required for introducing new models, upgradation of production facilites, etc. Hence, Government has decided to exit from MUL as quickly as possible. The decision to exit from MUL by the Government was also in line with the overall policy of the Government to exit from all non-strategic areas, which includes auto sector as well.

In line with the steps adopted earlier and the above policy, the Government decided a two stage disinvestment of its holding in MUL. In the first phase, a rights issue of Rs.400 crore has been completed with SMC subscribing to the total rights issue, including rights shares renounced by Government in favour of SMC. SMC also paid Rs.1000 crore control premium to Government. This contrasts with the 'nil' amount that Government took while transferring control progressively in earlier stages. The Revised Joint Venture Agreement (RJVA) entered into between SMC and Government envisages that, in the second phase, the existing shares of Government (approximately 65.80 lakh) would be sold through a public offer.

(b) No, Sir.The share value of MUL was valued by three independent valuers of repute and the average of these three values, which worked out to Rs. 3280, was the price per share paid by SMC to subscribe to the rights issue. This contrasts with the price of Rs. 269 per share paid by SMC in the 1992 transaction mentioned in reply to part (a) above.

(c) Suitable provision has been made in the Revised Joint Venture Agreement entered into by Government with SMC in respect of employee retrenchment.

Construction of houses under VAMBAY in Hyderabad

*320. SHRIYADLAPATIVENKAT RAO: Will the Minister of URBAN DEVELOPMENT AND POVERTY ALLEVIATION be pleased to state:

(a) the number of houses to be constructed in Hyderabad under the Valmiki Ambedkar Awas Yojana (VAMBAY) during the current year;

(b) whether Government have extended financial aid to the beneficiaries of VAMBAY; and

(c) the target for completion of the project?

THE MINISTER OF URBAN DEVELOPMENT AND POVERTY ALLEVIATION (SHRI ANANTH KUMAR): (a) 4000 dwelling units in Hyderabad and Secundarabad are proposed to be constructed under VAMBAY by 31st May, 2003.

(b) Yes, Sir. The Government have released a Cental subsidy of Rs.12 crores to Andhra Pradesh State Housing Corporation (APSHC) for construction of dwelling units at the rate of Rs. 30,000/- per dwelling unit for the beneficiaries.

(c) the Tentative target date for completion of the project is 31.05.2003.

———

Schemes affected by terrorism in NER

†1916. SHRI JANESHWAR MISHRA: Will the Minister of DEVELOPMENT OF NORTH EASTERN REGION be pleased to state:

(a) whether it is a fact that all the projects being undertaken in North-Eastern States have become victim of terrorism;

†Original notice of the question was received in Hindi.